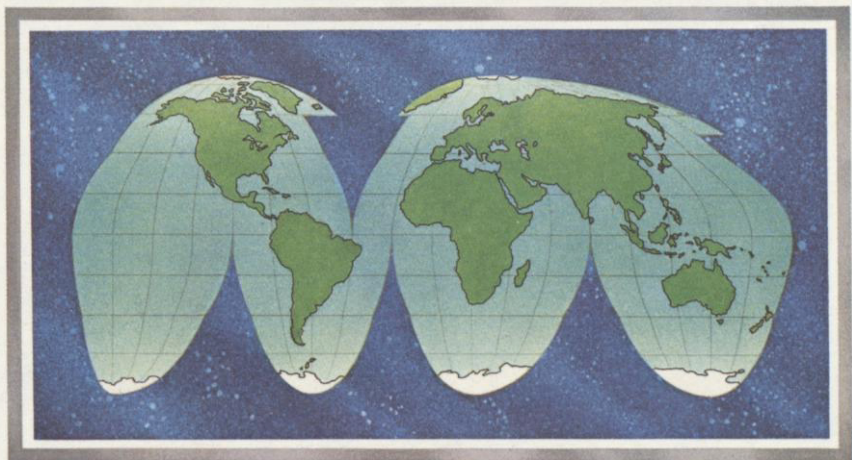


The Coca-Cola Company
1973 Annual Report





The Coca-Cola Company and Subsidiaries Annual Report for the Year 1973

*As a contribution to the conservation of our natural resources
and the protection of the ecology, the paper used in this report
has been manufactured from 100% reclaimed waste paper.*

Letter to Stockholders

March 4, 1974

Consolidated net sales in 1973 were \$2,144,988,601 compared with \$1,876,192,397 in 1972, an increase of 14.3%. Consolidated net profit in 1973, after reserves, taxes and all other charges, was \$214,981,215 or \$3.60 a share, compared with \$190,157,427 or \$3.19 a share in 1972, an increase of 12.9%. Sales and earnings reached all-time highs.

Domestic earnings in 1973 were adversely affected by the summer price freeze and by Phase IV price controls.

After hearings on the Federal Trade Commission complaint alleging that certain advertising for the Hi-C Brand of fruit drinks was deceptive or misleading, the Administrative Law Judge dismissed the complaint and found that Hi-C was, in fact, a good source of Vitamin C. The dismissal was affirmed by the Commission. Proceedings continue in the complaints filed by the Federal Trade Commission in July 1971 against The Coca-Cola Company, and other soft drink companies, attacking the validity of territorial provisions in bottlers' contracts. Such provisions are also involved in anti-trust lawsuits brought by The Coca-Cola Bottling Company of Taft, (Inc.), and a former bottler, Coca-Cola Bottling Company of Payson (Utah). It is to be noted that on June 11, 1973, the United States Senate passed a bill sponsored by the National Soft Drink Association, the purpose of which is to recognize the validity of exclusive territorial provisions, under specified conditions, in soft drink bottlers' contracts. Ultimate disposition of the bill by Congress is not predictable at this date. Meanwhile, Management of the Company continues to affirm its intention to defend

vigorously the integrity of our contracts with bottlers.

During the year the Company's common stock was listed on the Frankfurt, Germany Stock Exchange and the Stock Exchanges of Zurich, Basle, Geneva, Lausanne and Berne, Switzerland.

William W. Allison and E. Garland Herndon, Jr., were elected Directors of the Company on March 4, 1974.

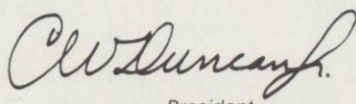
In addition to the March 5, 1973 increase in the quarterly dividend reported in last year's Letter to Stockholders, the Board of Directors, on August 6, 1973, increased the quarterly dividend from 42½¢ to 47½¢ a share, with the result that the aggregate 1973 dividend was \$1.80 a share, a 9.8% increase over 1972. Both increases were in accord with the maximum amount allowed under the guideline of the President's Committee on Interest and Dividends.

On March 4, 1974, the Board of Directors increased the quarterly dividend rate from 47½¢ a share to 50¼¢ a share. This rate is equivalent to a full year dividend of \$2.03 a share, a 12.8% increase over the aggregate 1973 dividend of \$1.80. This marks the twelfth consecutive year the dividend rate has been increased, and again is in accord with the maximum amount allowed under the guideline of the President's Committee on Interest and Dividends.

A separate mailing to stockholders will contain the proxy, proxy statement and notice of annual meeting of stockholders to be held on Monday, May 6, 1974, at 10:00 A.M., Wilmington time, at the office of the Company, 100 West Tenth Street, Wilmington, Delaware.

For the Board of Directors

2 
Chairman


President

Board of Directors

William W. Allison, Atlanta, Ga.
*Executive Administrator,
Economic Opportunity Atlanta, Inc.*

J. Paul Austin, Atlanta, Ga.
*Chairman, Board of Directors,
The Coca-Cola Company*

C. H. Candler, Jr., Atlanta, Ga.
Director of Various Corporations

Thomas H. Choate, New York, N.Y.
Director of Various Corporations

J. C. Cleaver, Milwaukee, Wis.
*Retired. Former Chairman,
Board of Directors, Aqua-Chem, Inc.*

William A. Coolidge, Cambridge, Mass.
Director of Various Corporations

George S. Craft, Atlanta, Ga.
*Chairman, Executive Committee,
Trust Company of Georgia*

Charles W. Duncan, Jr., Atlanta, Ga.
President, The Coca-Cola Company

F. B. Eisenberg, Atlanta, Ga.
*Senior Vice President and Treasurer,
The Coca-Cola Company*

James A. Farley, New York, N.Y.
*Honorary Chairman, Board of Directors,
The Coca-Cola Export Corporation*

R. W. Freeman, New Orleans, La.
*Chairman, Board of Directors,
The Louisiana Coca-Cola Bottling Company, Ltd.*

E. Garland Herndon, Jr., M. D., Atlanta, Ga.
*Vice President for Health Affairs,
Emory University*

Lindsey Hopkins, Miami, Fla.
Chairman, Board of Directors, Security Trust Company

John T. Lupton, Chattanooga, Tenn.
*President, The Coca-Cola Bottling Works, Inc. (Dallas)
and Houston Coca-Cola Bottling Company*

John A. Sibley, Atlanta, Ga.
*Honorary Chairman, Board of Directors,
Trust Company of Georgia*

J. Lucian Smith, Atlanta, Ga.
*President, Coca-Cola USA,
A Division of The Coca-Cola Company and
Senior Vice President, The Coca-Cola Company*

John R. Talley, Atlanta, Ga.
*Chairman, Board of Directors,
The Coca-Cola Export Corporation*

D. A. Turner, Columbus, Ga.
*Chairman, Boards of Directors,
Columbus Bank & Trust Co. and W. C. Bradley Co.*

George W. Woodruff, Atlanta, Ga.
Director of Various Corporations

R. W. Woodruff, Atlanta, Ga.
Chairman, Finance Committee, The Coca-Cola Company

The Coca-Cola Company

Officers

J. Paul Austin *Chairman, Board of Directors*
Charles W. Duncan, Jr. *President*

Senior Vice Presidents

Charles W. Adams
Fred W. Dickson
F. B. Eisenberg
C. M. Halle
A. E. Killeen
J. J. McGourty
H. B. Nicholson, Jr.
C. A. Shillinglaw
J. Lucian Smith

Vice Presidents

Edward Aborn
Richard F. Atwood
C. E. Boyd, Jr.
R. J. Broadwater
Ovid R. Davis
Paul L. Dillingham
Roberto C. Goizueta
Richard D. Harvey
J. W. Jones
Donald R. Keough
B. M. Middlebrooks
J. William Pruett, Jr.
Hugh W. Schwarz
J. H. Smit

Richard F. Atwood *General Counsel*
F. B. Eisenberg *Treasurer*
J. J. McGourty *Controller*
Fred S. Perrin *Secretary*

The Coca-Cola Company and Subsidiaries

Consolidated Statement of Profit and Loss

	YEAR ENDED DECEMBER 31,	
	1973	1972
Net sales.....	\$2,144,988,601	\$1,876,192,397
Cost of goods sold.....	1,147,939,444	995,340,910
GROSS PROFIT.....	997,049,157	880,851,487
Selling, administrative and general expenses....	605,638,307	522,614,889
OPERATING PROFIT.....	391,410,850	358,236,598
Other income.....	26,820,933	15,486,690
	418,231,783	373,723,288
Less other deductions.....	16,193,568	10,921,861
PROFIT BEFORE TAXES ON INCOME....	402,038,215	362,801,427
Provision for taxes on income.....	187,057,000	172,644,000
NET PROFIT.....	\$ 214,981,215	\$ 190,157,427
Net profit per share of common stock.....	\$3.60	\$3.19

Consolidated Statement of Earned Surplus

	YEAR ENDED DECEMBER 31,	
	1973	1972
Balance at January 1.....	\$ 714,618,797	\$ 622,374,362
Net profit for the year.....	214,981,215	190,157,427
	929,600,012	812,531,789
Dividends paid in cash (per share— 1973, \$1.80; 1972, \$1.64).....	107,602,057	97,912,992
BALANCE AT DECEMBER 31.....	\$ 821,997,955	\$ 714,618,797

The Coca-Cola Company and Subsidiaries

Assets

	DECEMBER 31,	
	1973	1972
CURRENT:		
Cash.....	\$ 73,662,020	\$ 61,965,210
Marketable securities—at cost (market price— 1973, \$232,033,155; 1972, \$175,430,622) ..	231,795,735	175,450,755
Trade accounts receivable (less allowance— 1973, \$2,500,069; 1972, \$2,246,865)	155,065,131	137,546,883
Inventories.....	247,515,901	221,885,914
Prepaid expenses.....	25,183,328	24,231,820
TOTAL CURRENT ASSETS.....	733,222,115	621,080,582
MISCELLANEOUS INVESTMENTS AND OTHER ASSETS.....	69,149,330	55,681,056
PROPERTY, PLANT AND EQUIPMENT:		
Land and improvements.....	63,954,913	64,118,650
Buildings.....	236,707,697	219,702,043
Machinery and equipment.....	486,989,357	448,374,509
Containers.....	105,012,651	91,305,093
	892,664,618	823,500,295
Less allowance for depreciation.....	356,840,449	325,004,218
	535,824,169	498,496,077
FORMULAE, TRADE-MARKS AND GOODWILL.....	56,166,803	56,355,172
	\$1,394,362,417	\$1,231,612,887

Consolidated Balance Sheet

Liabilities

	DECEMBER 31,	
	1973	1972
CURRENT:		
Notes payable.....	\$ 14,116,192	\$ 25,048,118
Current maturities of long-term debt.....	1,901,369	2,409,544
Accounts payable and accrued accounts.....	195,584,801	152,738,192
Accrued taxes—including taxes on income....	107,255,242	93,347,674
TOTAL CURRENT LIABILITIES.....	318,857,604	273,543,528
LONG-TERM DEBT.....	8,253,766	7,090,995
RESERVE FOR FOREIGN OPERATIONS.....	101,655,814	101,655,814
DEFERRED INCOME TAXES.....	19,950,692	15,700,673
CAPITAL STOCK AND SURPLUS:		
Common stock—no par value; authorized 70,000,000 shares; (issued 1973, 59,803,238 shares; 1972, 59,742,765 shares)	60,165,562	60,104,484
Capital surplus.....	63,834,624	59,087,550
Earned surplus.....	821,997,955	714,618,797
	945,998,141	833,810,831
Less shares of stock held in treasury—at cost (1973, 7,300 shares; 1972, 6,166 shares)...	353,600	188,954
	945,644,541	833,621,877
	<u>\$1,394,362,417</u>	<u>\$1,231,612,887</u>

The Coca-Cola Company and Subsidiaries

Consolidated Statement of Changes in Financial Position

	DECEMBER 31,	
	1973	1972
SOURCE OF WORKING CAPITAL		
From operations:		
Net profit for year	\$ 214,981,215	\$ 190,157,427
Add charges not requiring outlay of working capital during the year:		
Provision for depreciation	58,501,818	55,324,688
Deferred income taxes	4,250,019	2,675,333
Other	9,868,764	10,585,727
TOTAL FROM OPERATIONS	287,601,816	258,743,175
Disposals of property, plant and equipment	15,708,029	13,822,028
Proceeds from exercise of stock options	3,767,102	4,995,556
Increase in long-term debt	1,162,771	0
Tax benefit from optioned shares sold	1,041,050	0
	309,280,768	277,560,759
APPLICATION OF WORKING CAPITAL		
Cash dividends	107,602,057	97,912,992
Additions to property, plant and equipment	121,286,920	113,513,793
Increase in miscellaneous investments and other assets	13,468,274	3,475,613
Decrease in long-term debt	0	3,750,243
Other items, net	96,060	2,069,497
	242,453,311	220,722,138
INCREASE IN WORKING CAPITAL	66,827,457	56,838,621
Working capital at beginning of year	347,537,054	290,698,433
WORKING CAPITAL AT END OF YEAR . . . \$	414,364,511	\$ 347,537,054
INCREASE (DECREASE) IN WORKING CAPITAL, BY COMPONENTS		
Cash	\$ 11,696,810	\$ 5,512,523
Marketable securities	56,344,980	38,626,457
Trade accounts receivable	17,518,248	7,789,621
Inventories	25,629,987	30,937,763
Prepaid expenses	951,508	1,546,511
Notes payable	10,931,926	(4,639,231)
Current maturities of long-term debt	508,175	1,242,709
Accounts payable and accrued accounts	(42,846,609)	(13,003,692)
Accrued taxes—including taxes on income	(13,907,568)	(11,174,040)
INCREASE IN WORKING CAPITAL \$	66,827,457	\$ 56,838,621

Notes to Financial Statements

1. Accounting Policies. The major accounting policies and practices followed by the Company and its subsidiaries are as follows:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation. The Company's investment in majority-owned subsidiaries and certain affiliated companies is stated at cost plus equity in the net profit or loss of these companies subsequent to date of acquisition, and the Company's equity in the net profit or loss of these companies is included in the consolidated statement of profit and loss.

Amounts with respect to consolidated foreign subsidiaries have been translated in terms of United States dollars as follows: property accounts, investments in foreign securities, and formulae, trade-marks and goodwill were translated at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at year-end; income and expenses were translated at weighted average rates of exchange which were in effect during the year except as to depreciation which was translated on the same basis as the related property accounts. Exchange adjustments, including gain or loss on settled forward exchange contracts, are charged or credited to profit as incurred.

The reserve for foreign operations was established prior to 1969 by appropriations from income representing unremitted foreign profits and is available to absorb abnormal foreign exchange revaluations and abnormal losses on foreign operations.

Inventories are stated at the lower of cost (principally average or first-in, first-out method) or market except that inventories of certain major citrus concentrate products are stated at lower of cost (last-in, first-out method) or market.

Property, plant and equipment is stated at cost, less allowance for depreciation, except that foreign subsidiaries carry bottles and shells in service at amounts (less than cost) which, in general, correspond with deposit prices obtained from customers. Approximately 69% of depreciation for 1973 and 64% for 1972 was determined by the straight-line method and the remainder by accelerated methods. A portion of the depreciation determined by the straight-line method for financial statement purposes has been calculated on accelerated methods for income tax purposes. Deferred income taxes have been provided to recognize timing differences in reporting depreciation for accounting and tax purposes. The investment tax credit, which is not material in amount, is accounted for by the flow-through method.

Formulae, trade-marks and goodwill are stated on the basis of cost and if purchased subsequent to October 31, 1970, are being amortized over the estimated future periods to be benefited (not exceeding 40 years).

Research and development costs generally are charged to profit as incurred.

Information relating to leases is not presented as rental expense and future lease commitments are not material.

Notes to Financial Statements (continued)

2. Foreign Operations. The Company's investments in consolidated subsidiaries outside the United States are shown below:

	December 31,	
	1973	1972
Current assets	\$248,736,760	\$203,869,384
Property, plant and equipment—net	219,222,443	200,043,912
Other assets	58,831,772	50,004,670
	526,790,975	453,917,966
Liabilities	202,138,703	167,508,642
Net assets	<u>\$324,652,272</u>	<u>\$286,409,324</u>

Net sales of foreign operations were 44% of total net sales in 1973 and 41% in 1972; profits attributable to such business amounted to approximately 59% of total profits in 1973 and 55% in 1972. Exchange adjustments were not material in amount in either year.

Appropriate U.S. and foreign income taxes have been accrued on profits of subsidiary companies which are expected to be remitted to the parent company in the near future. Unremitted profits of foreign subsidiaries which are expected to be required for use in the foreign operations amounted to approximately \$34,000,000 at December 31, 1973, exclusive of amounts which if remitted would result in little or no tax.

3. Stock Options. In 1973 the Company adopted a new stock option plan covering 500,000 shares of the Company's common stock. Options under this plan and prior plans may be granted to certain officers and employees of the Company and its subsidiaries at market price on the date of grant. Options are held by officers and employees to purchase shares at prices ranging principally from \$38.50 to \$146.13 per share in 1973 and from \$17.77 to \$128.75 per share in 1972. Further information relating to the options is as follows:

	1973	1972
Options outstanding at January 1	246,367	277,336
Options granted during the year	133,960	59,800
Options exercised during the year	(60,473)	(85,713)
Options cancelled during the year through death, retirement or resignation	(7,933)	(5,056)
Options outstanding at December 31	<u>311,921</u>	<u>246,367</u>
Options exercisable at December 31	<u>108,598</u>	<u>115,009</u>
Shares available for option which may be granted	<u>415,497</u>	<u>55,767</u>

4. Pension Plans. The Company and its subsidiaries have various pension plans covering substantially all employees, including certain employees in foreign countries. Pension expense determined under various actuarial cost methods, principally aggregate level cost method, amounted to \$13,999,648 in 1973 and \$11,028,277 in 1972. In general, pension costs are funded when accrued.

Notes to Financial Statements (Continued)

5. Changes in Capital during 1972 and 1973 are as follows:

	Common Stock Issued		Capital Surplus
	Shares	Amount	
Balance January 1, 1972	59,657,048	\$60,017,910	\$54,178,488
Sale of stock to employees			
exercising stock options	85,713	86,570	4,908,986
Other	4	4	76
Balance December 31, 1972	59,742,765	60,104,484	59,087,550
Sale of stock to employees			
exercising stock options	60,473	61,078	3,706,024
Tax benefit from sale of			
option shares by employees	—	—	1,041,050
Balance December 31, 1973	<u>59,803,238</u>	<u>\$60,165,562</u>	<u>\$63,834,624</u>

Accountants' Report

**To the Board of Directors
The Coca-Cola Company
Wilmington, Delaware**

We have examined the consolidated balance sheet of The Coca-Cola Company and subsidiaries as of December 31, 1973, and December 31, 1972, and the related consolidated statements of profit and loss, earned surplus, and changes in financial position for the two years ended December 31, 1973. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered

necessary in the circumstances.

In our opinion, the accompanying statements, as identified above, present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1973, and December 31, 1972, and the consolidated results of their operations, changes in capital, and changes in financial position for the two years ended December 31, 1973, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Ernst

The Coca-Cola Company

Divisions

Coca-Cola USA

Atlanta, Georgia

J. Lucian Smith.....*President*
Donald R. Keough.....*Executive Vice President*

Senior Vice Presidents

Ira C. Herbert

John H. Ogden

Vice Presidents

M. W. Bates

T. H. Gibson

John M. Mount

J. E. Bilbo

R. Bruce Gilbert

Homer D. Olson

J. A. Blanchard

Clifton E. Hewell

William R. Saltmer

J. Allen Brent

Gary P. Hite

Francis H. Spears

J. D. Britton

Charles K. Holmes, Jr.

Walter L. Susong

Homer C. Burrous

William S. Judkins

Harry E. Teasley

Anthony J. Butterworth

Dianne McKaig

James F. Williams

Wilson P. Franklin

Malcolm A. McNiven

G. Donald Wilson

Ralph H. Garrard

James W. Wimberly

Charles S. Lord.....*Secretary and Treasurer*

The Coca-Cola Company Foods Division

Houston, Texas

B. M. Middlebrooks.....*President*

Vice Presidents

Harold Broadway

Norman W. Jenkins, Jr.

Albert G. Munkelt

Thomas C. Cleveland

W. M. Kelly

James L. Parker

Robert V. Fey

Matt S. Miller

Maurice C. Roe

John J. Gillin

George W. Truitt

Roland G. Parker.....*Treasurer*

John N. Touchstone.....*Secretary*

Tenco

Linden, New Jersey

Edward Aborn.....*President*

Vice Presidents

Frank W. Bachmann

Edward T. Down

K.v.R. Dey

Charles C. Druce

Evan A. Dickson

John M. Miller

Philip Sacher

Elizabeth L. Swanson.....*Secretary*

Coca-Cola Ltd.

Toronto, Ontario, Canada

R. E. Sewell *Chairman, Board of Directors*
G. J. Leonidas *President*

Senior Vice Presidents

A. B. Ballentine
L. M. Hunter

Vice Presidents

G. D. Millson
D. C. Robinson
W. F. Sherer

D. C. Robinson *Treasurer*
A. B. Ballentine *Secretary*

Aqua-Chem, Inc.

Milwaukee, Wisconsin

John K. Collings, Jr. *Chairman, Board of Directors*
Jerome E. Vielehr *President*

Vice President

Armando B. Steinbruchel

Jerome E. Vielehr *Treasurer*
Robert P. Harland *Secretary*

The Coca-Cola Export Corporation

Atlanta, Georgia

James A. Farley, New York.....*Honorary Chairman, Board of Directors*
John R. Talley, Atlanta.....*Chairman, Board of Directors*
C. M. Halle, Atlanta.....*President*

Senior Vice Presidents

P. W. D. Fairbarns, Hong Kong
M. H. Farnsworth, Coral Gables
H. F. MacMillan, Atlanta
R. C. Munsche, Atlanta
Klaus Putter, London
J. H. Smit, Atlanta
C. P. Stephens, Atlanta

Vice Presidents

S. Ayoub, Atlanta
R. N. Chrane, Atlanta
S. S. Dolfi, Atlanta
C. H. Hodgkins, Atlanta
Miguel B. Macias, Atlanta
A. Malaspina, Atlanta
T. Nowak, Atlanta
D. G. Sisler, Atlanta
W. O. Solms, Coral Gables
A. Young, Johannesburg
C. G. Zogran, Atlanta

C. H. Hodgkins, Atlanta*General Counsel*
S. Ayoub, Atlanta.....*Treasurer*
J. F. Staresinich, Atlanta*Controller*
H. F. MacMillan, Atlanta.....*Secretary*

The Coca-Cola Export Corporation

Zone Divisions

Coca-Cola Africa

A. Young, Johannesburg *Senior Vice President*

Vice Presidents

F. J. Meyer, Johannesburg

A. A. Parissis, Johannesburg

I. R. Wilson, Johannesburg

Coca-Cola Asia

P. W. D. Fairbarns, Hong Kong *President*

Vice Presidents

E. C. Ong, Hong Kong

J. E. Talley, Singapore

John L. Siegele, Sydney

Walter J. Woods, Hong Kong

Coca-Cola Europe

Klaus Putter, London *President*

Senior Vice Presidents

A. J. Boller, London

J. M. S. de Vicuna, Madrid

Ignazio Graul, Rome

Vice Presidents

F. H. R. Baraldi, London

A. A. Joary, Brussels

Harald Berkessel, Essen

B. F. Kingston, London

Georg Fleischer, Essen

K. W. Leist, London

R. A. Gardner, London

G. J. Marazzini, Milan

C. Hochman, Paris

Kisan Mehta, New Delhi

V. G. Hoppers, London

A. W. Noltes, London

C. E. Hulley, Athens

E. van Steeden, London

Coca-Cola Latin America

M. H. Farnsworth, Coral Gables *Chairman*

W. O. Solms, Coral Gables *President*

Senior Vice Presidents

H. T. Circuit, Jr., Mexico City

Felix Van de Wallè, Rio de Janeiro

Vice Presidents

E. E. Bledel, Coral Gables

B. G. Dyson, Mexico City

H. Caceres, Coral Gables

A. T. Russell, Jr., Coral Gables

J. R. Carpenter, Coral Gables

H. F. Wilds, Jr., Coral Gables

Dividend Disbursing Agent

Trust Company of Georgia
Corporate Trust Department
P.O. Drawer 4625
Atlanta, Georgia 30302

Transfer Agents/Registrars

Trust Company of Georgia
Corporate Trust Department
P.O. Drawer 4625
Atlanta, Georgia 30302

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway
New York, New York 10015



